

Educational Loan Notes

Monthly Newsletter



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September 2008

ADDITIONS TO DEFAULT AVERSION SYMPOSIUM

In the [August issue](#) of *Educational Loan Notes*, MGA announced that the fourth installment of its Default Aversion Symposium Series entitled, "Financial Literacy and Student Success," will be held in conjunction with the Michigan Student Financial Aid Association (MSFAA) at the Lansing Community College West Campus in Lansing, Michigan on Wednesday, October 22, 2008.

MGA is pleased to announce Rosella Bannister, Principal, Bannister Financial Education Services, LLC and Manager, Jump\$tart Personal Finance Clearinghouse, will provide the afternoon keynote address discussing the results of the 2008 Survey of Personal Financial Literacy Among College Students recently completed by the Jump\$tart Coalition for Personal Financial Literacy as well as demonstrating the Online Personal Finance Clearinghouse of educational materials. Ms. Bannister is a speaker, author, and advisor for personal finance education programs. She conducts workshops and develops educational materials on saving, investing, credit, and money management. She is also the former Executive Director of the National Institute for Consumer Education at Eastern Michigan University.

Financial Literacy's Profile Rises on College Campuses

A September 9, 2008, article in the *Chronicle of Higher Education* written by Beckie Supiano reported that financial literacy training is [gaining ground on college campuses](#), according to a [survey](#) released by [Student Lending Analytics](#), a college advisory firm.

Nearly 40 percent of financial aid administrators surveyed said their colleges provided financial literacy training to students. Of those who said their colleges did not offer such a program, half indicated the institution planned to start one in the next 12 to 18 months. Only 15 percent of respondents said that financial literacy programs at their colleges were mandatory for students.

The most popular topics covered in such programs were budgeting, planning for loan repayment, credit cards, identity theft, and understanding a credit report, according to the survey, which covered 200 financial aid professionals and was conducted from September 3 to 5.

Almost 90 percent of respondents said such training was handled by the financial aid office on their campus. Most respondents said their college trained with financial literacy content developed in-house, though 38 percent used materials from guarantors and 16 percent used materials from lenders.

Please plan on joining in this exciting opportunity. Participants may [electronically register](#) for this event by visiting our Web site (www.mgalloan.com) where the electronic registration form may be accessed under the "MGA Highlights" section on our homepage. Please feel free to contact Toots Lapata-Victorson at VictorsonT@michigan.gov or by telephone at 1-800-642-5626, extension 30296, if you have any questions. [Video presentations](#) of previous symposia are also available on MGA's Web site.

MGA TAKES FINANCIAL LITERACY ON THE ROAD

MGA staff from School and Outreach Services spent an afternoon at Wayne State University conducting four financial literacy sessions for approximately 1,200 freshmen taking part in an extended orientation program known as i-Start. At the invitation of Al Hermesen, Director of the Office of Student Financial Aid, presentations were conducted that introduced the concepts of developing a financial plan, budgeting, credit cards and credit reports, responsible use of loan funds, and needs versus wants.

The presentation was followed by a spirited game of Financial Aid Feud, modeled after the Family Feud game show. Teams responded to questions with answers they learned during the presentation. Afterward Mr. Al Hermesen remarked, "They did a fantastic job of getting some very good information across to the students. The Financial Aid Feud game was fun and proved that they actually listened. After our session one of the staff that helps run the i-Start program told us that our session received the most enthusiasm of any of the sessions from the students. The music and game certainly kept them attentive."

Plans are underway to provide additional sessions at Wayne State University that will provide a more in-depth look at budgeting and identity theft.

Managing Debt was the focus at a financial literacy training conducted at Olivet College on September 3, 2008. The freshman class of 400+ students participated in the training where Flora Boles provided information on the following topics:

- Live within your means
- College is an investment
- Borrow wisely
- Credit card debt
- Identity theft

In order to test how well they remembered the information that was presented, six students participated in a game – Aid or No Aid. The game was fashioned after the Deal or No Deal game show and was well received. The contestants did well answering over 20 questions and only missed one.

Libby Jean, Financial Aid Director, and Larry Valor, Vice President of Enrollment Services, felt that the information was very useful and that the students learned a lot. They definitely want to provide a similar training next year, but will probably break the topics into two sessions. Libby's comments following the presentation were: *"Your presentation was outstanding! Thank you so very much for all the work and time you put into this presentation for our students. I am amazed at all they learned . . . and that was very apparent in how well they did during the game section of the presentation (missing only one question). You are amazing, and I am so glad to have this partnership with you."*

FY 2006 OFFICIAL COHORT DEFAULT RATES

On Monday, September 15, 2008, the U.S. Department of Education (ED) distributed the Fiscal Year (FY) 2006 official cohort default rate notification packages. The national rate has risen to 5.2 percent from 4.6 percent, a 0.6 percent increase. The Michigan Guaranty Agency's (MGA) official 2006 cohort default rate is 5.5 percent, a 0.2 percent increase from the FY 2005 cohort rate of 5.3 percent.

Department officials attributed this year's rise in part to the aftermath of Hurricanes Katrina and Rita, where significant numbers of student borrowers presumably defaulted after many of them were granted relief in the form of six months of forbearance and deferments to those who suffered economic hardship and job loss. MGA believes that we are starting to see the effect that Michigan's weakened economy is beginning to have on borrowers' ability to repay their loans.

More extensive information concerning national and Michigan FY 2006 cohort default rates will be included in the October issue of *Educational Loan Notes*.

All domestic schools that signed up for the Electronic Cohort Default Rate (eCDR) process should have received their FY 2006 official rate electronically via their SAIG mailboxes. Domestic schools not signed up for the eCDR process will have to get their cohort default rates from NSLDS. Most foreign schools will receive their notification package via the U.S. Postal Service. Foreign schools that have one or more borrowers in repayment will receive their Loan Record Detail Report (LRDR) as an encrypted Portable Document Format (PDF) file on a CD-ROM. Foreign schools that receive a CD-ROM will also receive a separate letter providing the password needed to decrypt the LRDR.

If you have any questions, please send an email to: fsa.schools.default.management@ed.gov or call the Default Prevention and Management hotline at 202-377-4259.

2008 FALL SCHOOL WORKSHOP

Mark your calendar for the 2008 Fall School Workshops. MGA will offer these workshops at no cost to your institution at the following locations:

Wednesday, November 12, 2008
VisTaTech Center
Schoolcraft College
Livonia, Michigan

Thursday, November 13, 2008
Grand Rapids Community College
Tassell M-TEC Center
Grand Rapids, Michigan

Tentative agenda topics include:

Federal update. This update will review the provisions of the Ensuring Continued Access to Student Loans Act of 2008 and new regulations issued as a result of this year's negotiated rulemaking. The session also will provide a summary of aid-related provisions of the new Veterans Affairs Appropriations Act, as well as an update on the reauthorization of the Higher Education Act of 1965, as amended. We also will examine the changes in need analysis and the financial aid delivery system for the 2009-2010 year.

Policies and procedures. Writing policies and procedures can be a piece of cake if you have the right ingredients. We will show you how to select the best templates, how others on campus can help, and what resources you likely already have. We'll also focus on how to address the common barriers that prevent offices from completing this task.

Return of Title IV funds. Participants will explore the elements of a Return of Title IV funds calculation and discuss what must be considered as a part of the calculation; review the federal requirements for deadlines and time frames; and work through hands-on case studies to understand the process. The session will conclude with tips and suggestions for ensuring that your policies and procedures manual has the necessary information related to withdrawals and Return of Title IV funds calculations.

The meeting sites are handicapped accessible, including parking. Individuals with disabilities who need mobility, visual, hearing, and/or other assistance for effective participation should indicate such needs when registering. All such requests should be directed to Jim Swisk at 1-800-642-5626, extension 37121, at least ten days before the workshop. Requests received after that time cannot be guaranteed.

The workshop announcement will be sent electronically in October with a complete agenda and registration form. If you have questions or suggestions to include in the workshops, please feel free to contact Jim Swisk at extension 37121 or via email at swiskj@michigan.gov.

NEW ADDRESS FOR LOAN DOCUMENTS

MGA's servicer has announced a change of address for executed student loan documents from Gainesville, Florida to Wilkes-Barre, Pennsylvania. The change is expected to enhance the level of service provided to our customers, particularly during heavy processing times of the academic year. Continuing to send loan document packages to any address other than the Wilkes-Barre, Pennsylvania address below may cause a significant delay in processing.

Effective September 26, 2008, please use the new addresses below:

FFELP Applications & Correspondence

Sallie Mae Servicing
PO Box 9425
Wilkes-Barre, PA 18773-9425

General Mail Correspondence:

Sallie Mae
PO Box 9500
Wilkes-Barre, PA 18773-9500

**Overnight Address for FFELP
Applications, FFELP Correspondence &
General Correspondence:**

220 Lasley Avenue
Wilkes Barre, PA 18706

**Correspondence for Return of Funds
(Refunds/Reissues)**

PO Box 59008
Panama City, FL 32412-9008

**Correspondence for Return of Funds
Overnight Address**

1002 Arthur Drive
Lynn Haven, PA 32444

If you have any questions concerning the change of address, please contact MGA's Customer Services Unit at 1-800-642-5626, extension 77009.

LENDER DISCLOSURE REQUIREMENTS OF THE HEOA

FFELP lenders need to be aware of additions and revisions to disclosure requirements that are among the many changes implemented through the enactment of the Higher Education Opportunity Act (HEOA). Following is a breakdown of the new disclosure requirements in Section 433 of the HEOA that, unless otherwise noted, went into effect on August 14, 2008. These disclosures must be made available without incurring any costs to borrowers. It is important to note that the following information does not cover all disclosure statement requirements; this is merely an overview of the changes and additions to the requirements previously established.

A lender's participation in the federal loan programs may be limited, suspended, or terminated by the U.S. Department of Education (ED) if the lender fails to comply with these and other requirements of the HEOA. We strongly suggest that you thoroughly review the HEOA to understand how it impacts your responsibilities as a participating lender and to ensure that you are in compliance with the new requirements. Click [here](#) to access links to each section of the legislation, and [here](#) to access Title IV, Part B of the act, which addresses the Federal Family Education Loan Program. In addition, ED has established a Web page that provides information on the implementation of this legislation at <http://www.ed.gov/policy/highered/leg/hea08/index.html>.

Disclosures Required Prior to Disbursement

Lenders are required to disclose the amount of any charges (such as the origination fees and federal default fees) and whether those fees will be:

- Collected by the lender at, or prior to, the disbursement of the loan;
- Deducted from the proceeds of the loan;
- Paid separately by the borrower; or
- Paid by the lender.

Lenders are now also required to disclose the following:

- A description of the types of repayment plans that are available for the loan.
- A statement summarizing the circumstances in which a borrower may obtain forbearance on the loan.
- A description of the options available for forgiveness of the loan and the requirements to obtain loan forgiveness.
- An explanation of any cost the borrower may incur during repayment or in the collection of the loan **including fees that the borrower may be charged, such as late payment fees and collection costs.**

For unsubsidized Stafford loans made under section 428B or 428H or for student PLUS loans, lenders must provide to the borrower:

- A statement telling the borrower that they have the option to pay the interest that accrues on the loan while they are in school; and
- If the borrower does not pay the interest while in school, when and how often interest on the loan will be capitalized.

For parent PLUS loans, lenders must provide to the borrower a statement that explains:

- The parent may be eligible for a deferment if the parent is enrolled at least half-time as a student;
- The parent has the option to defer payment on the loan while the student is enrolled at least half-time; and
- If the parent does not pay the interest on the loan while the student is enrolled, when and how often interest on the loan will be capitalized.

Disclosures Required Prior to Repayment

Lenders must provide disclosures to borrowers, in writing or electronically, not less than 30 days nor more than 150 days before a borrower's first payment on their Stafford or PLUS loan comes due. Following are additional or revised requirements for disclosure prior to repayment.

- The scheduled date that the repayment period is to begin or that **the deferment period on a PLUS loan is to end.**
- The estimated balance owed by the borrower on the loan(s) covered by the disclosure (including the estimated amount of interest to be capitalized, if applicable) as of the date that the repayment period is scheduled to begin or **the deferment period on a PLUS loan is to end.**
- Information on loan repayment benefits, including whether the lender offers any benefits that are contingent on the repayment behavior of the borrower, such as:
 - A reduction in interest rate if the borrower repays the loan by automatic payroll or checking account deduction.
 - A reduction in interest rate if the borrower makes a specified number of on-time payments.
 - Other loan repayment benefits for which the borrower could be eligible that would reduce the amount of repayment or the length of the repayment period.
- A lender providing loan repayment benefits must also disclose:
 - Any limitations on the benefit.

- In what circumstances a borrower could lose eligibility for the benefit.
- Examples of the benefit's impact on length and amount of repayment.
- Information on how a borrower can regain eligibility after losing a benefit.
- A description of all repayment plans available to the borrower and a statement that the borrower may change from one plan to another during repayment.
- The repayment schedule for all loans covered by the disclosure, including the date the first payment is due and the number, amount, and frequency of required payments based on a standard repayment plan or **other repayment plan selected by the borrower**. (Unsubsidized Stafford loans and PLUS loans are not subject to this requirement. Instead, a lender is required to provide those borrowers with sample monthly repayment amounts that show the differences in cost of allowing interest to capitalize versus paying the interest as it accrues.)
- The amount of interest a borrower has already paid on the loan(s).
- The projected total of interest the borrower will pay assuming that payments are made in accordance with the repayment schedule.
- The nature of any fees that can be charged during repayment.
- A description of the options by which a borrower can avoid or be removed from default, including any relevant fees associated with those options.
- Resources, including nonprofit organizations, advocates, and counselors (including ED's Student Loan Ombudsman) where the borrower can receive advice and assistance on loan repayment.

Disclosures Required During Repayment (effective July 1, 2009)

For loans with the first payment due on or after July 1, 2009, lenders are required to provide the following information on a bill or statement that corresponds to each payment installment required of the borrower.

- The original principal amount of the borrower's loan.
- The borrower's current balance.
- The interest rate on the loan.
- The total amount the borrower has paid in interest on the loan.
- The aggregate amount the borrower has paid for the loan, including the amount of interest paid, the amount the borrower has paid in fees, and the amount the borrower has paid against the balance.
- A description of each fee charged for the most recently preceding installment period.
- The date by which the borrower needs to make a payment in order to avoid additional fees and the amount of such payment and fees.
- The lender's or loan servicer's address and toll-free phone number for payment and billing error purposes.
- A list of the names of the repayment plans available to the borrower, a link to ED's Web site to obtain detailed descriptions, a reminder that the borrower may change repayment plans, and directions on how the borrower may request a change in plans.

Disclosures Required for a Borrower Having Difficulty Making Payments (effective July 1, 2009)

For loans with the first payment due on or after July 1, 2009, the lender must provide the following information to a borrower who has notified the lender that they are having difficulty making payments.

- A description of the repayment plans available and how to change plans.
- A description of how to obtain a forbearance, including the expected costs associated with a forbearance.

- A description of the options available to avoid default, including any relevant fees and costs associated with those options.

Disclosures Required During Delinquency (effective July 1, 2009)

For loans that become delinquent on or after July 1, 2009, lenders must provide a borrower who is 60 days delinquent with the following information in simple and understandable terms.

- The date on which the loan will default if no payment is made.
- The minimum payment the borrower must make to avoid default.
- A description of the options available to the borrower to avoid default, including any relevant fees or costs associated with those options. This should include a description of deferment and forbearance options and the requirements to obtain each.
- Discharge options to which the borrower may be entitled.
- Resources, including nonprofit organizations, advocates, and counselors (including ED's Student Loan Ombudsman) where the borrower may receive advice and assistance on loan repayment.

ONLINE STUDENT LOAN COUNSELING TRAINING

Mapping Your Future has scheduled training sessions to provide schools with information about Online Student Loan Counseling and how they can more effectively use the products.

The training will be offered on multiple dates, as follows:

- Tuesday, October 21 at 3:00 p.m.
- Thursday, October 23 at 11:00 a.m.
- Tuesday, October 28 at 3:00 p.m.
- Thursday, November 6 at 11:00 a.m.

The purpose of the training is to provide information for schools on fully utilizing Online Student Loan Counseling to benefit their school and students. Topics covered will include data retrieval options, managing users, and customization features.

The sessions are scheduled for one hour each and will include an online presentation with audio via conference call. Due to space considerations, schools should consider which training session best fits their needs and only register for one. If possible, please limit registrations to one person per school. Schools can set up training in a conference room at their location, if necessary, or share their computer and phone line (using one computer and a speaker phone) with a colleague.

Schools must register in order to participate. To register, visit mappingyourfuture.org/oslc/oslcTraining.cfm. The Mapping Your Future staff will send access instructions once your registration is confirmed.

For questions, contact the Mapping Your Future staff at feedback@mappingyourfuture.org.

NEW GUIDE AVAILABLE TO HELP CONSUMERS RECOGNIZE DECEPTIVE STUDENT LOAN PRACTICES

The U.S. Department of Education (ED) and Federal Trade Commission (FTC) jointly released a consumer guide to help students and their families navigate the maze of offers they may face when seeking new student loans or consolidating existing student loans to pay for higher education. *Student Loans: Avoiding Deceptive Offers* provides advice to help consumers detect deceptive marketing offers from private companies seeking their student loan business.

The free brochure is available at ombudsman.ed.gov/hottopics.html and provides comprehensive, useful information to students and families about the different benefits and terms of federal and

private loans. The brochure offers tips and advice on recognizing questionable practices, including:

- Names, seals, or logos similar to government agencies used by some lenders and marketers to create the false impression that they are part of the federal student loan program.
- Requests by phone, mail, or over the Internet for personal account information, such as a Social Security Number or Personal Identification Number.
- Solicitations and advertisements for student loan business.
- Promotions, sweepstakes, and gift offers intended to attract business and divert attention from a thoughtful assessment of the terms of the loan being offered.

The new brochure includes several resources for information about student loans and filing a complaint against various types of lenders. In addition, it includes a section on identifying potential problems related to loan consolidation, such as:

- Be wary of lenders that use high-pressure techniques such as, "Your interest rate may go up unless you consolidate immediately."
- Know whether your loans have interest rates that are fixed or variable.
- Be cautious about consolidating federal and private loans into one private loan, or including a Perkins loan when consolidating.
- Read the fine print on offers from lenders to lower the interest rate on your consolidated loan as these may be tied to automated payments, a specific loan balance, or on-time payments for the life of the loan and may change if the lender sells your consolidated loan to another company.

In addition to the new brochure, ED and the FTC have worked together for more than ten years to educate the public to recognize and avoid scholarship scams.

The following is a press release from the Education Finance Council.

EFC LAUNCHES NEW ONLINE TOOL TO HELP STUDENTS & FAMILIES PREPARE FOR COLLEGE

WASHINGTON, D.C., (September 9, 2008) – Today, the Education Finance Council (EFC), an association of nonprofit and state-based student loan providers, announced the launch of its new *College Center* www.efc.org/collegecenter, an online tool that provides timely and targeted information and resources to students who face unique challenges in reaching their goal of a higher education. Recognizing that not everyone starts in the same place on their path to college, the *College Center* gathers in one convenient location tailored information so that all students, no matter their circumstances, are aware of their postsecondary options.

"Today's launch of the *College Center* www.efc.org/collegecenter is part of an ongoing effort by EFC members to ensure that students and families are informed about the possibilities of a higher education. Unfortunately, there are some students who think college is out of their reach and that just isn't the case," EFC President Kathleen Smith said. "EFC members work side-by-side with a number of organizations to provide the information and support students need to successfully access and complete college. Along with timely and important information, the *College Center* gives students and families the opportunity to connect with other organizations that can assist them along that journey."

The *College Center* provides information geared to:

- **Military and National Guard** – There are numerous programs that will enable the brave men and women of our Armed Services to gain access to higher education during and following their service.
- **Youth from Foster Care** – With reports detailing how few students from foster care gain access to higher education programs, it's important that these youths know that college is possible for them and learn about the steps they need to take to become college ready.
- **Runaway and Homeless Youth** – It is estimated that between 1.6 and 2.8 million youth runaway away from their homes each year. For these youth, connecting to a network of support organizations is the first step towards achieving long-term educational goals.
- **Students with Disabilities** – Though students with disabilities may face unique challenges along their path to and through college, multiple programs and resources are available to make that path more manageable.
- **Blind and Visually Impaired Students** – Whether enrolled in or in the process of enrolling in college, blind or visually impaired students can seek assistance from the Office of Federal Student Aid at the U.S. Department of Education which provides audio and Braille versions of its Federal Student Aid publications.
- **Spanish Speaking Students** – The Latino representation in higher education continues to grow; however, these students remain underrepresented compared to other groups. Resources available from the U.S. Department of Education include Spanish language versions of its Federal Student Aid website and its Federal Student Aid guidebook.
- **Adult Learners** – Statistics show there are 54 million adults in the nation's labor force who lack a college degree. Higher education is possible at any age and there are numerous resources available to help them get started on the college path.
- **Aspiring Teachers** – Those who choose to teach play a critical role in American society by educating and training our country's most important asset – its people. Individuals wishing to pursue a career in teaching or those teachers seeking subsequent professional development may be able to receive student financial aid to help them achieve those goals.

"We're excited to offer the *College Center* as a complement to EFC's Financial Literacy homepage www.efc.org/finlit launched earlier this year. From budgeting tips to *EFC's Guide to Credit*, the Financial Literacy homepage provides concise information and user-friendly tools to help students make informed decisions in managing their finances before, during and after college," Smith said. "The *College Center* and Financial Literacy homepages are representative of the dedication and effort EFC members put forth as they continue to fulfill their public purpose mission of making college more affordable and accessible for students and families."

LOAN CONSOLIDATIONS DECLINING

The U.S. Department of Education (ED) recently released industry consolidation loan statistics for both federal loan programs for the months of May and June and Fiscal Year (FY) 2008 year-to-date. This showed that total FFELP consolidation loan volume for May 2008 was \$320.9 million; for June 2008 was \$200.5 million; and FY 08 YTD was \$9 billion. For the Federal Direct Loan Program (FDLP), total consolidation loan volume for May 2008 was \$343 million; for June 2008 \$73.9 million; and FY 08 YTD came in at \$2.9 billion. The percentage change from the previous YTD (FY07) through June 2008 show that FFELP consolidation loans are down 72.4 percent from the previous year, while FDLP consolidation loans are up nearly 9.8 percent nationwide.

Comparatively at MGA, FFELP loan consolidations of defaulted loans are down 69.7 percent during this same time period when compared to the previous fiscal year, and FDLP loan consolidations of defaulted loans are down 8.3 percent.

Consolidation can help defaulted borrowers manage their debt by combining loans into one payment, with one lender. It may provide borrowers with the benefits of a fixed interest rate, more flexible repayment terms, or reduced monthly payments.

Questions regarding defaulted borrower loan consolidations may be directed to Rita Ray at 1-800-642-5626, extension 60614.

CORRECTION TO REHABILITATION ARTICLE

The [August](#) issue of *Educational Loan Notes* included an article on increased loan rehabilitations. The article incorrectly stated an increase of 69.5 percent for the first seven months of Fiscal Year 2008. The correct increase was 7.1 percent. MGA apologizes for any inconvenience this may have caused.

2008 HIGH SCHOOL COUNSELOR FINANCIAL AID PROGRAM

The host sites are set and the planning is in full swing for the high school counselor financial aid program that will take place on Friday, November 14, 2008, from 9:00 a.m. to noon. A new aspect this year is that a site is available for those who wish to participate as the "studio audience*." There are 50 seats for participants.

Following is the list of 25 host sites for the program:

Adrian College	Kalamazoo College
Alpena Community College	Lake Michigan College
Baker College	Lansing Community College
Allen Park	Marygrove College
Auburn Hills	Michigan Public Health Institute (studio audience)*
Cadillac	Muskegon Community College
Clinton Township	Northern Michigan University
Jackson	Northwestern Michigan College
Bay de Noc Community College	Saginaw Valley State University
Central Michigan University	St. Clair County Community College
Copper Country ISD	University of Michigan – Flint
Eastern Michigan University	Wayne State University
Ferris State University	
Grand Valley State University	

Registration materials will be mailed to high school counselors later in September. Financial aid administrators must also register to attend. After the mailing is sent, the registration materials will be available on the Student Financial Services Bureau Web site at: www.michigan.gov/studentaid. At the home page, scroll down to the Quick List items and click on the item labeled *Information On*, and then click on the option labeled *Financial Aid Video Conference*. Please direct all questions to Peggy La Fleur at lafleurp@michigan.gov, or call Peggy at 1-800-642-5626, extension 38319.

ED PIPELINE

MGA is providing you with descriptions and links to some of the most recent correspondence for schools and lenders from the U.S. Department of Education (ED).

ELECTRONIC ANNOUNCEMENTS

- [09/09/2008](#) Summary: First draft of the 2009-2010 FAFSA available for comment
- [09/05/2008](#) Summary: Update Your Federal School Code Information by September 30, 2008, for Initial 2009-2010 Federal School Code List of Participating Schools
- [09/05/2008](#) Summary: Announcing Higher Education Opportunity Act Webpage and Hearings
- [09/04/2008](#) Summary: Availability of 2008-2009 Federal School Code List of Participating Schools in Excel Format
- [09/04/2008](#) Summary: October 1, 2008 Deadline for Submitting FISAP
- [09/03/2008](#) Summary: ACG, National SMART Grant, and Pell Grant 2007-2008 Award Year Processing Deadline
- [09/03/2008](#) Summary: End of Federal Fiscal Year 2008 - Impact on Funds Availability for Campus-Based, ACG, National SMART Grant, Pell Grant, TEACH Grant, and Direct Loan Programs (G5 and COD System)
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UPDATES TO MGA'S PARTICIPATING LENDER LIST

MGA has updated its Participating Lender List to provide the most current information available regarding our FFELP lending partners. This revised list is updated regularly on our Web site at mgaloan.com, with the date and time of the last update noted next to the link. The link may be accessed from our home page under MGA Highlights.

When downloaded, this Excel document will allow users to sort information by lender code, lender name, servicer, etc. It also provides information regarding additional lending criteria which a lender may currently be utilizing.

Please discard any paper copies you may have of MGA's Participating Lender List dated May 4, 2007, as that list is obsolete. If you have any questions regarding the revised Web-based list, please contact Pat Fromm at 1-800-642-5626, extension 36076, or via email at frommp@michigan.gov.

The following lender changes have occurred since the last issue of *Educational Loan Notes* and are reflected on the updated Participating Lender List. Please note that MGA can speak only to a lender's relationship with our agency. If you have questions regarding a lender's participation with another guarantor, we suggest you contact that lender or guarantor directly.

No Longer Participating

The following lenders are no longer participating with MGA:

- **Community First Federal Credit Union, 831298**
 - **SunTrust Bank, 811353**
 - **Surety Loan Funding Corporation, 833548**
-

UPDATES TO MGA'S ACTIVE MICHIGAN SCHOOL LIST

Information has been received from schools regarding recent changes that should be recorded by lenders on MGA's "Active Michigan School List" dated July 29, 2008. If you have any questions regarding these updates, please contact Stacy Cardwell at 1-800-642-5626, extension 36074, or via email at cardwells@michigan.gov.

Contact Information Update

Michigan Theological Seminary, Plymouth, 031353-00

Delete Bethany Fick. The contact person is Amber Tucker, Financial Aid Administrator. Amber's telephone number is 734-207-9581.

No Longer Participating in FFELP

Move the following schools from the FFELP (green section) to the FDLP (white section).

- **Chic University of Cosmetology, Grand Rapids, 008178-00**
 - **Chic University of Cosmetology, Kalamazoo, 008178-01**
-

“Q” & “A”

Providing Consumer Information

To whom is a school required to provide consumer information?

A school that participates in any Federal Student Aid (FSA) program is required to provide certain information to students, prospective students, ED, and the general public. While in some cases a school is only required to make information available upon request, other cases require the school to directly distribute the required information. Please refer to the [two-page chart](#) at the end of Volume 2, Chapter 6 in the Federal Student Aid Handbook for more details.

Who requires a school to provide consumer information?

Specific disclosure and reporting requirements with which schools must comply are derived from:

- The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act,
- The Student Right-to-Know Act, and
- The Equity in Athletics Disclosure Act (EADA).

Additionally, schools that participate in any FSA campus-based programs must also comply with disclosure requirements for drug and alcohol abuse prevention.

What consumer information must be distributed?

The basic consumer information about the school can be divided into two parts:

- Basic financial aid information. This type of information should include things like the types of aid available to students, how students apply for aid, the student's rights and responsibilities, and satisfactory academic progress measurements.
- General school information. This type of information should include things like the school's accrediting body or licensing board, the school's withdrawal policy, a list of available programs and faculty members, and the school's completion, drop-out, and transfer rates.

For a comprehensive list of all of the basic consumer information requirements, see Volume 2, Chapter 6, pages 70-71 in the FSA Handbook.

How does a school determine its completion, drop-out, or transfer-out rates?

A school must identify a group of students each year (a cohort) and review that cohort's performance consistently over time. This is known as a *snapshot* approach and should be applied the same way annually. Schools that have nonstandard terms must count all first-time

students who are certificate- or degree-seeking, full-time undergraduates who enter the school between September 1 and August 31 as a cohort.

Regarding the Equity in Athletics Disclosure Act, what do athletics have to do with FSA?

The EADA is designed to make prospective students aware of a school's commitment to providing equitable athletic opportunities for its men and women. Therefore, any school that has athletic programs and participates in FSA programs must prepare and submit an annual EADA report. Officially the report is entitled, "*The Report on Athletic Program Participation Rates and Financial Support Data.*" It includes information such as:

- Total number of male and female athletes.
- Total amount of money spent on athletically related student aid.
- The ratio of athletically related student aid awarded to male athletes to aid awarded to female athletes.
- Expenses incurred by the school for athletic programs (listed individually).

This is not a complete list. For a complete list, see the FSA Handbook Volume 2, Chapter 6, page 77. This report needs only to be made available to students upon their request.

When is it appropriate to disclose these consumer information requirements?

The most appropriate time to give information that must be delivered directly to the student may be during the entrance and exit counseling. Much of the general information could also be listed in the school's catalog or placed on the school's Web site for a student or prospective student to review.

NOTE: Schools must comply with each and every disclosure statement as outlined in the FSA Handbook. Even if the information is collected elsewhere at the institution, the financial aid office is **strongly** encouraged to keep a copy of all required disclosures in the financial aid office.

Excerpts for this Q and A were taken from the [2008-2009 Federal Student Aid Handbook](#) Volume 2, Chapter 6.

CALENDAR OF UPCOMING EVENTS

Following is a list of upcoming events of interest to the financial aid community. If you have any items that you would like to see added to our calendar, please contact Jim Peterson at 1-800-642-5626, extension 36944, or via email at petersonj@michigan.gov.

October 2008

- 12-15 [2008 MASFAA Conference](#)
Hilton Cincinnati Netherland Plaza
Cincinnati, Ohio
- 21 [Online Student Loan Counseling Training](#)
3:00 p.m.
- 22 [MGA/MSFAA Default Aversion Symposium](#)
Lansing Community College West Campus
Lansing, Michigan
- 23 [Online Student Loan Counseling Training](#)
11:00 a.m.
- 28 [Online Student Loan Counseling Training](#)
3:00 p.m.
- 28-31 [Federal Student Aid Conference](#)
Hyatt Regency Dallas
Dallas, Texas

November 2008

- 4 MGA Offices Closed
 - 6 [Online Student Loan Counseling Training](#)
11:00 a.m.
 - 11 MGA Offices Closed
 - 12 MGA Fall School Workshop
Schoolcraft College
VisTaTech Center
Livonia, Michigan
 - 13 MGA Fall School Workshop
Grand Rapids Community College
Tassel M-Tec
Grand Rapids, Michigan
 - 14 [High School Counselor Financial Aid Update](#)
 - 27-28 MGA Offices Closed
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